



PORT OF OLYMPIA COMMISSION  
MINUTES OF SPECIAL MEETING

September 16, 2009

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**CALL TO ORDER**

President McGregor called the meeting of September 16, 2009, to order at 2:02 p.m. at the Large Conference Room at the Port of Olympia. Commissioners Barner and Telford were also in attendance.

Staff in attendance were: Executive Director Ed Galligan, Administrative Manager Jeri Sevier, Airport Director Rudy Rudolph, Finance Director Kevin Ferguson, Harbor Director Bruce Marshall, Engineering Director Rick Anderson, Marine Terminal Director Jim Amador, and Marketing and Business Development Director Kari Qvigstad. Public in attendance were as follows: Clydia Cuykendall, Kellen Atkinson, Richard Wolf, and Elana Pat Scholkoph.

**COMMISSION CONSIDERATION**

**Review of 2010 Operating Budget and Capital Investment Plan**

Mr. Ed Galligan indicated that we have some outstanding issues to discuss. He noted that staff needs direction on the merit pool, the tax levy, A & E budget for Water Treatment Plan replacement, and the budget for environmental compliance.

He noted that Commissioner Barner asked for a meeting with the Salary Consultant to better understand the pay for performance program for employees. Mr. Galligan indicated that he asked Mr. Bob Johnson, the consultant that helped us through the development of the program, to meet with Commissioner Barner since he was not here when the system was adopted. Mr. Johnson was available to attend the first portion of the meeting in case any other Commissioner has questions of him while he is here about the pay for performance adopted system.

Mr. Kevin Ferguson provided the Commission with some updated charts to provide the differentiation from last week's draft budget. He noted that he added \$20,000 for the Brewery Study and \$10,000 for TRPC membership. He noted that this changes the bottom line by \$30,000. He also indicated that the budget includes the new construction for the tax levy, however, this needs to be discussed. Mr. Ferguson discussed the Bond Proceeds status on page 12 of the budget. He also discussed the Cash & Investments Balance on page 11 of the budget. He noted that there was no change from the last presentation.

President McGregor indicated in the past we have included new construction and he suggests that we continue to take the new construction for the tax levy. Commissioner Telford indicated that he would like that to be focused on environmental cleanup or legacy issues that cause us to have to do something about it. The Treatment Plant will cost \$3 million with a 50% match from Department of Ecology.

The Commission provided staff with a unified direction to take the new construction with the tax levy and to show the funds dedicated to the environmental projects.

Mr. Galligan indicated at the last budget meeting the Commissioners support for the merit pool ranged from no pool to 1.5% to 2.2% and delay implementation to March or June 1. Commissioner Telford handed out a memo regarding compensation considerations. He indicated that he would support a 1% increase.

Mr. Bob Johnson explained the process that determines how the consultants get the recommendation or the merit pool. He indicated that they use the survey provided by the Milliman Corporation which projects the cost of salaries for the next year. He noted that over 250 organizations in the Puget Sound participate in this survey ranging from private to public entities. They are saying for the cost of salaries for 2010 we will be on average increasing by 2.2%. Mr. Johnson indicated they designed an evaluation system for a government/business entity as requested by the Commission. He also noted that in the public sector there is a piece that does not get published -- all public jurisdictions have step programs. What this means is if you work for another year, you will get a step increase. So when they say they are not giving a

general salary increase it does not mean that they will not get step increase unless a person is at the top of the range.

Mr. Johnson indicated that two years ago we set up a government/business approach system and it does not reflect a step program but the performance of the individual for the work they do. There is not an automatic step adjustment. He noted that as of September 9th the survey trend is showing that the economy is heading upward and there is more optimism than there was 3-6 months ago. He also noted that the salary program is positioned at the average for comparable jobs in the market – not at the top of the market. Mr. Johnson indicated that the 2.2% increase keeps you in that market. Mr. Johnson noted that the program adopted here at the Port does not include steps. People who are working hard here and doing more than others will get more than those who don't. This program is what best-practice companies use.

Mr. Galligan indicated the 2.2% is a pool and distributed to employees based on performance and if the performance is not acceptable, that employee would not get any increase.

Commissioner Barner indicated that he would like to compensate those high performers, but don't think that everyone should get the normal increase due to the economy. He commented that we need to be cautious and limit the pool and hold back and maybe give 1.5%. President McGregor indicated that he was fine with the 2.2% percent and the savings from not filling Kennedy's position would more than cover the 2.2%, furthermore there would be a negative impact. The Commission agreed to a 1.5% merit pool.

Mr. Rick Anderson distributed a detailed description of the environmental compliance that is included in the budget for \$250,000. The Commissioners asked for a detailed briefing on the report from the consultants.

Mr. Ferguson asked the Commissioners if they wanted to renew the Commissioner Per Diem Resolution they passed last year to reduce the per diem rate. The Commission suggested this be up for discussion in January with the new commissioner. We should budget for the full amount for budgetary purposes.

Mr. Ferguson reviewed the Rates and Fees Schedules with the Commissioners. Commissioner Telford indicated he wanted to see the plaza rental adjusted for non-profits and government groups as a way to get people to use the facility. Ms. Qvigstad was asked to look into the policy for the plaza.

Ms. Kathleen White presented the Commissioners with the requests for community sponsorships. She noted that the People for Puget Sound are a new request for Sea Cinema for a 2 day film festival. They are asking for \$1,000. Ms. White indicated that Harbor Days is asking for \$5,000 and the Airshow is asking for \$7500.

President McGregor indicated that we collect taxes from property owners and we should adopt a resolution that X % should be used to attract people to this county and to the Port property. He noted that 1% would be \$45,000 and the requests are not far off from that amount.

Commissioner Barner indicated it does not think it has to be tied to taxes, it could just be a pool of money that we can set aside for community events, and he liked the idea. Commissioner Telford indicated that they need to be evaluated one on one and he thinks that 1% is too much, however, there may be merit in setting an amount.

The Commissioners agreed to set aside \$30,000 for community events.

## **ADJOURNMENT**

President McGregor adjourned the meeting of September 23, 2009 at 4:00 p.m.

PORT OF OLYMPIA COMMISSION

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President

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Vice President

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Secretary-Treasurer